contracting, managerial and marketing expertise.

During the INTECHMART, 419 one-to-one business meetings between Indian manufacturers and foreign companies were arranged. Twenty-four Letters of Intent were signed with foreign participants for joint venture, marketing access, technology transfer, etc.

(e) The Government of India is taking a number of steps under the NLDP for technological up-gradation of cottage, tiny and small scale industries in the leather sector. The extended programme of NLDP up to March, 1998 concentrates mainly on improvement of (i) technological up-gradation for product development of with a special focus on the small and the artisan sector; (ii) value addition in the leather sector within the country through use of appropriate and eco-friendly technology; (iii) marketing and export linkages with emphasis on quality control and standardisation of product; and (iv) tie up related aspects of technology, components, tools, machines, etc.

Modernisation of Rourkela Steel Plant

*515. SHRIMATI JAYANTI PATNAIK: Will the Minister of STEEL be pleased to state:

(a) the total amount spent on the modernisation of Rourkela Steel Plant so far;

(b) the details of the modernisation and expansion programme undertaken in that steel plants;

(c) whether Government propose to get external assistance for further modernisation and expansion of that steel plant; and

(d) if so, the details thereof?

THE MINISTER OF STEEL AND MINISTER OF MINES (SHRI BIRENDRA PRASAD BAISHYA): (a) An amount of Rs. 3464.76 crores has been spent on the modernisation of Rourkela Steel Plant (RSP) upto March, 1997.

(b) The modernisation scheme of RSP is being executed in two phases i.e. Phase-I (9 indigenous turnkey packages) and Phase II (5 global and 15 indigenous turnkey packages). The datails of the packages are as follows:

Phase-I

Indigenous packages

(i) Mobile equipment for Raw Material Handling System

(ii) Raw Material Handling System

(iii) Coal Handling System

(iv) Oxygen Plant

(v) Sinter Screening & Conveyorisation of Blast Furnaces

(vi) Power Distribution

(vii) Dolomite Brick Plant

(viii) Combined Blowing in LD Convertors

(ix) Cast House Slag Granulation

Phase-II

Global Packages

(i) Sinter Plant-2

(ii) LD Convertors & Accessories in SMS-II

(iii) Slab Casting Shop in SMS-II

(iv) HSM & PM Modification

(v) Slab Casting Shop in SMS-1

Indigenous Packages

(i) Oxygen Plant

(ii) Power Distribution System

(iii) Ladle Repair Shop

(iv) Sizing Plant at Satna

(v) Mobile Equipment for Raw Material Handling

(vi) Conveyors to and from Sinter Plant-2

(vii) Make up Water Works for Tarkera Pump House Extension

(viii) Raw Material Handling System

(ix) Calcining Plant

(x) Signalling and Communication System

(xi) M.P. Boiler Plant

(xii) Relocation of Dividing Line No. 3

(xiii) Partial Briquetting of Coal Charge

(xiv) Tarkera Intake Well and Approach Bridge

(xv) Reheating Furnace for HSM and Plate Mill

Major production facilities under Phase-I have already been commissioned by March, 1994.

In Phase-II, 13 indigenous packages in full and remaining 2 packages in part have been completed. In case of global packages, 4 packages in full and remaining 1 package in part have been completed.

The major production facilities under Phase-II are likely to be completed by July, 1997. Production from Hot Strip Mill is likely to commence from December, 1997 when first new HSM Reheating Furnace is commissioned. The second new HSM Reheating is likely to be completed October, by 1998.

(c) No such proposal is under consideration.

(d) Does not arise.

Sharp Decline in Sail's Profitability

*516. SHRI S.M. KRISHNA: Will the Minister of STEEL be pleased to state:

(a) whether Government's attention has been drawn to the news-item captioned 'SAIL records sharp decline in profitability' appearing in the Hindustan Taimes' dated the 24th April, 1997; if so, the reasons therefor;

(b) what are the reasons for fall in the profits of SAIL;

(c) the details regarding SAIL's budget provisions and expenditure actually incurred on input cost and market survey;

(d) whether the SAIL's inventory is piling up; if so, the steps taken to dispose of such inventory and the details of disposal undertaken during last two years ; and

(e) the steps Government have taken to improve the market condition for SAIL?

THE MINISTER OF STEEL AND MINISTER OF MINES (SHRI BIRENDRA PRASAD BAISHYA): (a) and (b) During the year 1996-97 SAIL had to face abnormal increase in input costs on account of cost escalation in coal price, petroleum price, railway freight, power tariff, special custom duties etc. The impact of these escalations is about Rs. 1000 crores while only a part of this impact could be neutralised through improvement in operational efficiencies. Therefore, it is expected that the profits of SAIL for 1996-97 will be less than 1995-96. Other reasons, which have affected the profitability, included decline in the international prices of steel and free imports bringing the margins under stress as also the sluggish market behaviour etc. due to which SAIL could not pass on the impact of input cost escalation to the customers.

(c) The actual expenditure incurred on input cost during 1996-97 was estimated to be Rs. 11,200 crores as against the budgeted expenditure (adjusted to the actual level of production) of Rs. 10,520 crores.

(d) and (e) The inventory with SAIL had gone up during the last two years. The steps taken to reduce the inventory are:

- SAIL has adopted a market oriented sales strategy to counter the intense competition from indigenous producers and imports;
- Adopting commercial strategies and strategic pricing depending upon market segment, competition and quantity linked purchases;
- Participating in tenders floated by Government Departments, Public Sector, Projects and Private Sector to boost up sales and thereby reduce inventory;
- Orienting product-mix to suit market needs and adjusting production as per market requirements;
- Vigorous customer contact and follow-up of individaul customer orders for affecting speedier delivery;
- Arranging stock transfer from one branch to another to meet requirements of various customers.;
- Improving after sales services, expediting refunds and settlement of quality commercial complaints; and
- SAIL made efforts to increase exports and succeeded in exporting